

TAB

Tab 6-A
Chart 2
Exhibit 2

EXPLANATORY NOTES

This chart shows the additional costs which would be incurred if an employee were retained beyond a minimum five-year period in order to fulfill additional service requirements. The costs compared are the cost of annuity for the period involved if the employee were retired with five years of service on the one hand and, on the other hand, salary costs for the additional period of service if he is retained.

The chart on the left side of the page, "10 Years Service," shows the difference between annuity payments and payroll costs if an employee with five years of service were retained an additional five years in order to meet a ten-year service requirement. For example, the difference in costs in keeping a GS-14 on the payroll for five years and in paying him an annuity for five years is \$73,856.

The chart on the right side of the page, "15 Years Service," shows the difference between annuity payments and payroll costs if an employee with five years of service were retained an additional ten years in order to meet a fifteen-year service requirement. Thus, the difference in payroll costs for a GS-14 over a ten-year period and in annuity payments for that period is \$153,959.

Details of computation are shown in Table 3, Columns 2 through 7.

Exhibit 4 (Table 2 for GS-14) shows the year-by-year comparison of costs.

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EXCESS OF PAYROLL QUANTITIES OVER ANNUITY
IF RETAINED AFTER 5 YEARS TO PERMIT
RETIREMENT WITH:

Chart

